



City of
HUNTINGTON PARK california
COMMUNITY DEVELOPMENT DEPARTMENT

6550 MILES AVENUE
HUNTINGTON PARK, CA 90255

**OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE COMMUNITY
DEVELOPMENT COMMISSION OF THE CITY OF HUNTINGTON PARK**

DATE: October 24, 2012

TO: Honorable Chair and Board Members of the Oversight Board

FROM: René Bobadilla, Executive Director to the Successor Agency *RB*

BY: Fernanda Palacios, Project Manager

RE: **Disposition Strategies Regarding Inventory of Properties Owned
by the Former Community Development Commission of the City
of Huntington Park**

BACKGROUND

The Dissolution Act, AB X1 26 calls for the Successor Agency, under the direction of the Oversight Board for the Successor Agency, to dispose of real property it received from the dissolved Redevelopment Agency (RDA). AB X1 26 allows properties to be used for limited public uses or for disposition to the private market expeditiously and in a manner aimed at maximizing the value, with the disposition proceeds ultimately made available for distribution to the affected taxing entities. The recent passage of redevelopment trailer bill AB 1484, modified sections of AB X1 26 regarding the disposition of assets and allows certain flexibility and local benefits in connection with property disposition for a Successor Agency that has received a "finding of completion" from the Department of Finance (DOF).

A "finding of completion" is issued to a Successor Agency that completes due diligence review and meets other requirements (i.e. remits cash assets to the County Auditor-Controller, makes required payments to taxing entities). Upon receiving a finding of completion, the Successor Agency is eligible to participate in limited property management activities. Pursuant to Section 34191.5 (b) of AB 1484, within six months after receipt of a finding of completion, the Successor Agency must submit a "long-range property management plan" for the real property of the dissolved redevelopment agency (RDA) for approval by the Oversight Board and the DOF. The property management plan must include an

inventory for each property, and address the use or disposition of each property. Permitted uses under a property management plan include:

1. retention of the property for governmental use;
2. retention of the property for future development;
3. sale of the property; and
4. use of the property to fulfill an enforceable obligation

Upon approval of the management plan, the properties of the dissolved RDA are required to be placed in a Community Redevelopment Property Trust Fund administered by the Successor Agency. This enables the Successor Agency and the Sponsoring Community (City) to direct the use of specified properties and revenues generated from those properties for community development activities, including affordable housing, in a manner somewhat similar to the uses of property formerly implemented by the dissolved RDA.

ANALYSIS

It is important to note that a management plan for disposition of these properties will be prepared and submitted to the Oversight Board and DOF upon receipt of a certificate of completion. Currently, the Successor Agency is working to complete due diligence review of its Housing and Non-Housing funds as required under AB 1484. Due to the deadlines associated with the due diligence reviews, it is anticipated that a "finding of completion" will be issued to the Successor Agency by March/April 2013.

This report serves to provide information on properties owned by the Successor Agency and a for disposition discussion of these properties. In addition to the Carmelita and the Southland Steel properties, staff has confirmed that the Successor Agency also has title to three additional properties—Heritage Plaza at 6325 Pacific Boulevard and two contiguous parking lots located at 6908 Rugby Avenue. The attached Table 1 provides a summary for all the properties owned by the Successor Agency.

Southland Steel

Background: On March 22, 2005, the Community Development Commission (CDC) of the City of Huntington Park, now a Successor Agency, purchased four parcels located at 5959, 5969, 6011, 6161, and 6169 Alameda Street. In 2008, the Commission purchased another adjacent parcel owned by Union Pacific Railroad. The Commission's goal was to purchase these parcels to revitalize and redevelop the area into an auto dealership or commercial retail center that will stimulate economic growth, increase the City's tax base, and create new jobs for the community. The site, commonly referred to as the Southland Steel site, is approximately 5.43 acres in size. The five parcels acquired in 2005 were purchased at a discount of \$890,000 due to the environmental conditions of the

property. At the time the property was purchased the appraised value was estimated at \$6.32 million.

On December 5, 2005, the former CDC and the Department of Toxic Substances Control (DTSC) entered into a California Land Reuse and Revitalization Act Agreement ("Agreement") to facilitate the environmental assessment, clean-up and re-use of the Southland Steel site. A major benefit of working with DTSC under the Agreement is that the CDC is not "designated as a responsible party" and is provided with technical assistance, consultation and supervision of site clean-up. The intent of working under the supervision of DTSC was to establish a collaborative process to facilitate timely and cost-effective environmental site investigations and clean-up, while at the same time ensuring that such efforts fully protect the public health and the environment and appropriately address community and other concerns. The Agreement requires that the CDC prepare a work plan to implement a Site Characterization Report (SCR) and develop a plan to remediate contamination issues. The CDC has been working with Eco & Associates to serve as its peer-review consultant to assist in the preparation of environmental reports required by the DTSC. Upon completion of clean-up, DTSC will provide a Certificate of Completion.

During the environmental investigation process, high levels of contaminants were detected in the soil, and in the ground water. These contaminants include Petroleum hydrocarbons, volatile organic compounds, hydrocarbons, biphenyls, metals, lead and tetrachloroethylenes (PCEs). A Site Characterization Report and a Removal Action Workplan (RAW) to remove contaminated shallow surface soil have been completed and approved by the DTSC.

Proposed Disposition Strategy: Staff recommends Oversight Board authorize the Successor Agency obtain an appraisal and dispose of the property as-is.

Carmelita

Background: On April 13, 2010, the Commission purchased of the Subject Site, which is occupied by twelve residential rental units and an adjacent underutilized vacant site formerly used as a nursery. Eleven of the twelve tenants have been relocated from units in accordance with the Uniform Relocation Law of the State of California. The one remaining tenant will be evicted. The Properties were purchased with bond proceeds from the Neighborhood Preservation Redevelopment Project Area. The proposed project site consists of a total of 1.9 acres in size and is zoned High Density Residential (R-H).

On September 20, 2010, the CDC Board entered into an Exclusive Negotiating Agreement with Gangi Development (Developer) to negotiate the development of a 17 single-family dwelling-unit residential project for the Carmelita property. City staff and the Developer facilitated two community charette design meetings to receive input from residents on the type of residential project envisioned for the site. The two meetings were held on March 5th and April 2nd at the Community

Center in Freedom Park. The first meeting was intended to inform residents about the history of the site and receive input on the type of residential development. The second meeting served to present residents with schematic designs and conceptual site plans of potential housing types for the property based on the input received during the first meeting. The negotiating period with the Developer expired on September 20, 2011, and negotiations for development of the residential project were suspended due to the dissolution of redevelopment agencies. The Developer has recently contacted staff and expressed interest in continuing with the development of an affordable housing project.

Proposed Disposition Strategy: At the October 15, 2012, Successor Agency meeting, it was decided that the property be retained and development into a public park. Staff recommends that the Board authorize the Executive Director to work with the County of Los Angeles to explore funding opportunities for the potential development of a public park.

Heritage Plaza 6325 Pacific Boulevard

Based on title reports reviewed by staff, the former redevelopment agency has had ownership of the property since 1972. The property is improved with a 2-story brick retail and office building. On May 3, 1982 the redevelopment agency entered into a Developer Agreement with Ventra Incorporation to develop and subsequently ground lease the property. In 1988, the Ventra Corporation assigned the lease to Bolo Corporation. The term of the lease is 75 years and expires on June 1, 2057. The lease rate is \$100 per year.

Proposed Disposition Strategy: Staff recommends the Oversight Board authorize the Successor Agency to initiate documents to transfer ownership and to obtain an appraisal and retain a broker to sell the property at fair market value.

Parking lots located at 6908 Rugby Avenue

Based on title reports, staff confirmed that two contiguous parking lots located on Rugby Avenue (See Attachment 4) are owned by the redevelopment agency. Based on the title reports and Deeds reviewed for these properties, the RDA has had ownership of these two lots since 1981 and 1982. The total square footage for these lots is 21,428 or .49 acres.

Proposed Disposition Strategy: On October 15, 2012, the Successor Agency determined that these properties be allowed to be transferred to the City to continue their use as public parking lots. These properties are currently used as public parking lots and its continued use as such is critical to the overall economic vitality of the downtown. Staff recommends that the Oversight Board authorize the Successor Agency to initiate documents to transfer ownership to the City and to obtain an appraisal of the property for sale to the City at fair market value.

RECOMMENDATION

It is recommended that the Oversight Board provide input on the proposed property disposition strategies.

ATTACHMENTS

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| Attachment 1: | Table 1 Summary of Inventory of Properties |
| Attachment 2: | Southland Steel Site Parcel Map |
| Attachment 3: | Carmelita Site Parcel Map |
| Attachment 4: | Heritage Plaza Site Parcel Map |
| Attachment 5: | Parking Lots Site Parcel Map |

INVENTORY OF PROPERTIES OWNED BY THE FORMER COMMUNITY DEVELOPMENT COMMISSION

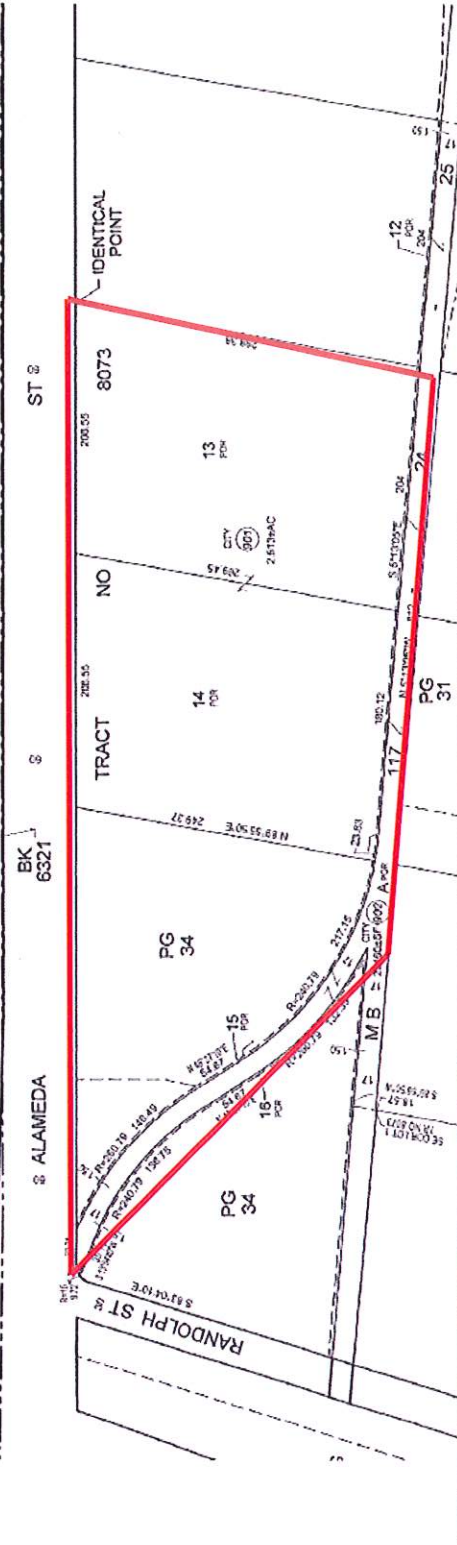
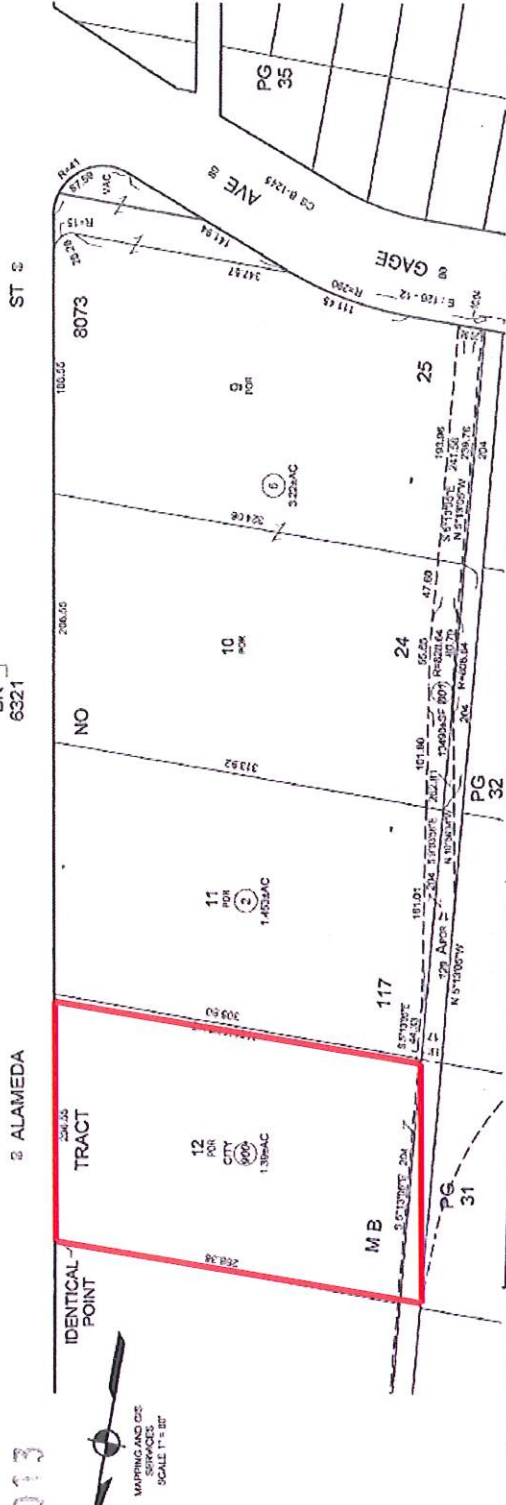
Site	Address	Sq. Ft	Acres	Purchase Date	Purchase Price	Zoning	Description
Carmelita							
6318-028-900	6126 Bear Ave., 6100-6114 Carmelita Ave, 3806-3828 61st Street	74,420	1.71	4/13/2011	2,420,000	High Density Residential	Property was purchased to develop 17 single-family residential units with Developer whose ENA has expired on Sept. 2011. Property is currently improved with 12 residential units (one occupied and eleven vacant) on an 1.86 acre parcel. City Council is interested in turning the property into a public park
6318-029-900		6,435	0.15				
Total		80,855	1.86		2,420,000		
Southland Steel							
6009-033-900	5959-6169 South Alameda	62,290	1.43	3/22/2005	5,430,000	Manufacturing Planned Development	Staff is working with DTSC to address environmental issues. Two levels of contamination found: soil and groundwater. Remedial Action Plan for soil remediation was approved by DTSC. Soil vapors will be mitigated under the construction phase. Staff's plan is to address soil environmental conditions and sell the property for commercial or automobile dealership use
6009-033-901		109,466	2.51				
6009-034-901		5,010	0.12				
6009-034-900		41,090	0.94				
6009-033-902		23,160	0.53		590,580		
Total		241,016	5.53		6,020,580		
Heritage Plaza							
6320-031-022	6325 Pacific Boulevard	7,500	0.17	5/3/1972		Central Business District/Residential (up to 70 du/ac)	Property is improved with a 2-story brick retail/office building. Ground Lease Agreement was assigned to Bolo Corporation. Term of Lease is 75 years, commencing 6/1/83 and ending 6/1/2058. Bolo Corporation pays \$100/year per the ground lease.
Total		7,500	0.17				
Parking Lots							
6322-023-901	6908 Rugby Avenue	15,000	0.34	6/12/1982		Central Business District/Residential (up to 70 du/ac)	Parking Lots located in the City's downtown
6322-023-904		6,428	0.15	12/7/1981			
Total		21,428	0.49				
TOTAL		350,799	8.05				

Attachment 2

Southland Steel Site

6009	33	P.A.	6000-33	TRA	971	REVISION	7035000302010001-25	SEARCH NO	OFFICE OF THE ASSESSOR COUNTY OF LOS ANGELES COPYRIGHT © 2002
		SHEET				2002-2-16-12-2-6			

2013



Parcel #	Address	Existing Use	Lot Size	Zoning
6318-029-900	N/A	Vacant Lot	6,435	High D.R.
6318-028-900	6100 CARMELITA AVE	Residential	74,420	High D.R.

Attachment 4

Heritage Plaza

6320 31
SCALE 1" = 60'

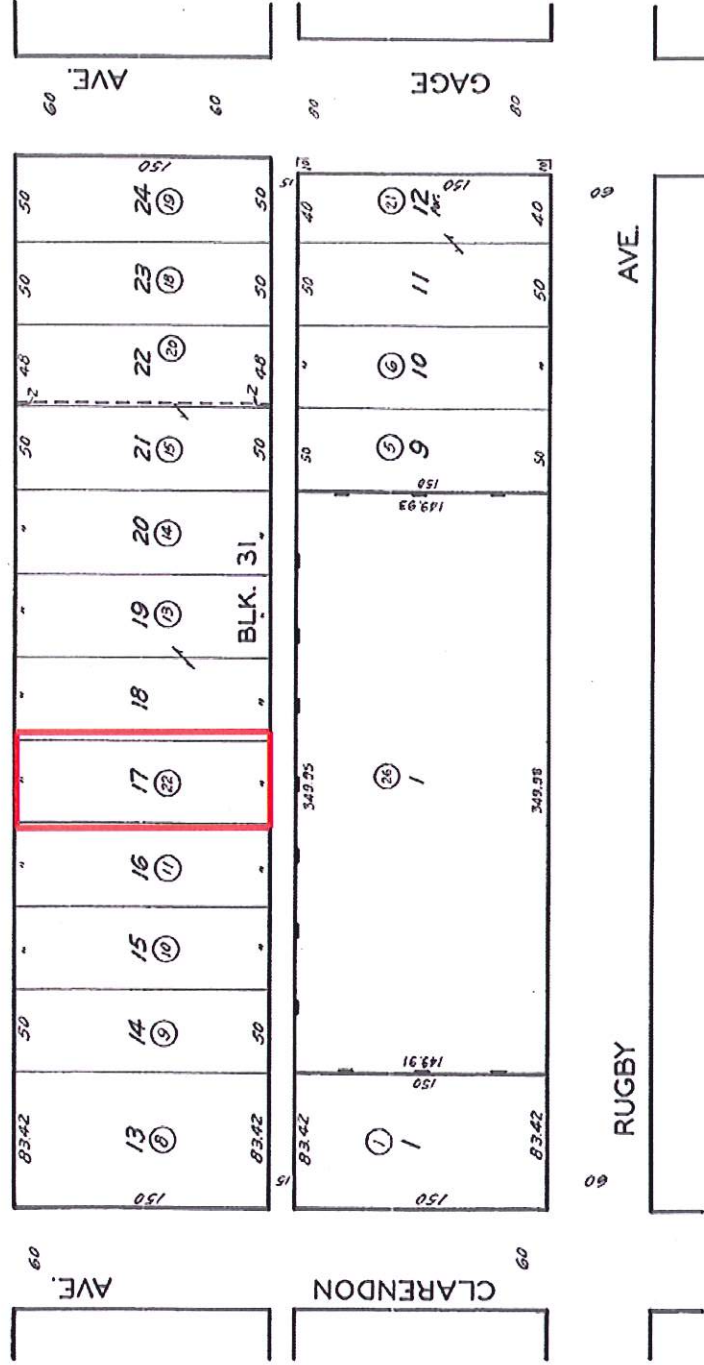
1996

PACIFIC

BLVD.

1-18-65

Revised: 6/24/27
4-A-57
10-31-62
710211
74400201
74-0802211
71064214
870300820-87
91022502200229-12
75031405001 001-12



CODE 589

PARCEL MAP HUNTINGTON PARK

P.M. 271-28-29 M. B. 3-91

FOR PREV. ASSM'T. SEE: 0320-31

ASSESSOR'S MAP
COUNTY OF LOS ANGELES, CALIF.

6322 | 23
SCALE 1" = 80'

PACIFIC

BLVD.

—

021

021

The map shows a grid of lots. The top row of lots is labeled 1 through 24. The bottom row of lots is labeled 27 through 31. A red rectangle highlights a specific area containing lots 10, 11, 12, 13, 14, and 15. The map includes lot numbers, area measurements in acres, and street names. A 'BLK' label is also present.

Lot	Area (Acres)	Notes
1	1.50	
2	1.77	
3	1.77	
4	1.77	
5	1.77	
6	1.77	
7	1.77	
8	1.77	
9	1.77	
10	1.77	
11	1.77	
12	1.77	
13	1.77	
14	1.77	
15	1.77	
16	1.50	
17	1.50	
18	1.50	
19	1.50	
20	1.50	
21	1.50	
22	1.50	
23	1.50	
24	1.50	
27	1.50	
28	1.50	
29	1.50	
30	1.50	
31	1.50	

CODE
589

HUNTINGTON PARK

M. B. 3-91

TRACT NO. 459

M. B. 15-31

FOR PREV. ASSMT. SEE: 1987-23

ASSESSOR'S MAP
COUNTY OF LOS ANGELES, CALIF.

All 500 series parcels on this page are assessed to Huntington Park Redevelopment Agency, unless otherwise noted.